



# House of Representatives

General Assembly

**File No. 564**

February Session, 2016

Substitute House Bill No. 5496

*House of Representatives, April 11, 2016*

The Committee on Energy and Technology reported through REP. REED of the 102nd Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

## **AN ACT CONCERNING BIOMASS FACILITIES AND CERTAIN VIRTUAL NET METERING FACILITIES.**

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 16-244l of the general statutes is repealed and the  
2 following is substituted in lieu thereof (*Effective from passage*):

3 (a) The administrator of any project utilizing fuel cells with an  
4 electricity purchase agreement entered into and approved by the  
5 Public Utilities Regulatory Authority pursuant to subsection (h) of  
6 section 16-244c with a generating capacity of not greater than five  
7 megawatts, to be sited within fifty feet of a natural gas transmission  
8 facility that operates at pressures in excess of one hundred fifty  
9 pounds, may submit a request to said authority for a modification to  
10 such purchase agreement that would permit the project to move to an  
11 alternative location and allow for an equitable adjustment in contract  
12 pricing to account for any change in the project attributable to the  
13 change in location. Said authority shall open a docket to review such  
14 modification request not later than thirty days after receipt of such

15 request. Said authority may approve such modification request not  
16 later than one hundred twenty days after receipt of such request.  
17 Factors affecting such modification shall be limited to location, contract  
18 pricing and schedule attributable to the change in location. No existing  
19 electricity purchase agreement shall be cancelled or deemed in  
20 noncompliance by an electric distribution company until such  
21 modification is approved.

22 (b) The administrator of any project utilizing a biomass facility with  
23 an electricity purchase agreement entered into and approved by the  
24 Public Utilities Regulatory Authority pursuant to subsection (h) of  
25 section 16-244c may submit a request to said authority for a  
26 modification to such purchase agreement that would permit the  
27 project to utilize additional sustainable biomass fuel. Said authority  
28 shall open a docket to review such modification request not later than  
29 thirty days after receipt of such request. Said authority may approve  
30 such modification request not later than one hundred twenty days  
31 after receipt of such request. Factors affecting such modification shall  
32 be limited to the utilization of additional sustainable biomass fuel.

33 Sec. 2. Section 16-244u of the general statutes is amended by adding  
34 subsection (h) as follows (*Effective from passage*):

35 (NEW) (h) Where a virtual net metering facility or agricultural  
36 virtual net metering facility requires a permit from the Department of  
37 Energy and Environmental Protection under chapter 446c or chapter  
38 446d and the municipal, state or agricultural customer host has  
39 submitted a virtual net metering application to the electric distribution  
40 company for such virtual net metering facility or agricultural virtual  
41 net metering facility on or before December 1, 2015, and the electric  
42 distribution company has accepted such virtual net metering  
43 application, such municipal, state or agricultural customer host shall  
44 have eighteen months from the date of the issuance of the final permit  
45 from the Department of Energy and Environmental Protection to cause  
46 such virtual net metering facility or agricultural virtual net metering  
47 facility to become operational.

This act shall take effect as follows and shall amend the following sections:		
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Section 1	<i>from passage</i>	16-244l
Sec. 2	<i>from passage</i>	16-244u

**ET**      *Joint Favorable Subst.*

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

***OFA Fiscal Note******State Impact:*** None***Municipal Impact:*** None***Explanation***

The bill: (1) allows biomass facility project administrators to request a modification to existing purchase agreements with electric distribution companies and (2) establishes a timeframe for certain virtual net metering projects to become operational which do not have a fiscal impact to the state or municipalities.

***The Out Years******State Impact:*** None***Municipal Impact:*** None

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**OLR Bill Analysis****sHB 5496*****AN ACT CONCERNING BIOMASS FACILITIES AND CERTAIN VIRTUAL NET METERING FACILITIES.*****SUMMARY:**

This bill allows biomass facility project administrators to request a modification to existing purchase agreements with electric distribution companies (EDCs) (i.e., Eversource and United Illuminating). Under the bill, the project administrator may submit a request for a modification to the Public Utilities Regulatory Authority (PURA) that would permit the project to use additional sustainable biomass fuel. Within 30 days after receiving a modification request, PURA must open a docket to review it. The bill gives PURA 120 days to take action on the modification request. The bill limits factors affecting modifications to use of additional sustainable biomass fuel.

The bill also establishes a timeframe for certain projects to become operational and remain eligible for virtual net metering (see BACKGROUND). The law required PURA to conduct a proceeding to develop administrative processes and program specifications for virtual net metering by October 1, 2013. In current practice, in accordance with PURA's final decision in Docket 13-08-14RE01, once project administrators have satisfied all EDC requirements on a virtual net metering application and have been assigned an annual virtual net metering cap by the EDC, they have one year to obtain commercial operation, though PURA may grant a six month extension. This current time limit applies regardless of any Department of Energy and Environmental Protection (DEEP) permitting requirements or when such permits are issued.

The bill instead gives certain facilities 18 months from the date DEEP issues a final permit to become operational. The bill applies to

virtual net metering facilities and agricultural virtual net metering facilities that have met the following conditions:

1. the facility requires a DEEP permit related to emissions or solid waste;
2. the municipal, state, or agricultural customer host has submitted a virtual net metering application to the EDC for the facility as of December 1, 2015; and
3. the EDC has accepted the facility's virtual net metering application.

EFFECTIVE DATE: Upon passage

## **BACKGROUND**

### ***Virtual Net Metering***

The virtual net metering law allows municipal, state agency, and agricultural electric customers that install certain renewable generation systems ("hosts") to (1) receive a billing credit for excess power their system generates and (2) share this credit with certain other accounts ("beneficial accounts.") For example, if a photovoltaic system on a school's roof generated more power than the school used, a town could use the excess credits to reduce the electricity bill for its fire station. The law caps the total amount of credits provided to beneficial accounts at \$10 million per year and limits the three categories of hosts to 40% of this amount.

### ***Related Bill***

sSB 394, favorably reported by the Energy and Technology Committee, requires PURA to authorize an additional \$5 million of virtual net metering credits per year to municipal customer hosts that meet certain requirements.

## **COMMITTEE ACTION**

Energy and Technology Committee

Joint Favorable Substitute

Yea     22     Nay   0     (03/22/2016)